

# **CITY AUDITOR'S OFFICE**



## **AUDIT OF WOODLAWN CEMETERY LEASE AGREEMENT**

**Report No. CAO 1501-0405-06**

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**CITY AUDITOR**

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# **AUDIT OF WOODLAWN CEMETERY LEASE AGREEMENT CAO 2001-0405-06**

## **BACKGROUND**

Woodlawn Cemetery (Woodlawn) is a city-owned cemetery located at 1500 North Las Vegas Boulevard. On February 16, 2000, the City entered into a lease agreement, *Municipal Cemetery Lease Agreement* (Agreement), with an outside contractor (Contractor) to operate Woodlawn. The Agreement is a ten-year contract with three five-year renewal options. Under the terms of the Agreement, the Contractor makes quarterly lease payments to the City. These lease payments are subject to annual adjustments based on the Consumer Price Index (CPI). Under the Agreement, the City is required to reimburse the Contractor for the first \$50,000 in water costs and to share equally in all water costs greater than \$100,000.

The City of Las Vegas Historic Preservation Commission (HPC) has begun the process of preparing a nomination report to designate Woodlawn to the City Historic Property Register and the National Register of Historic Places. The result of a listing on the local register will add an extra level of review by the HPC when an application for development requiring a building or zoning permit is submitted. The listing on the National Register will recognize and identify the site as being historically significant without any additional reviews for development. Grant funding may be available for maintenance and restoration of Woodlawn as a result of these designations.

## **OBJECTIVES**

Our objective was to complete a review of the City's and the Contractor's compliance with the terms of the Agreement.

## **SCOPE AND METHODOLOGY**

Our fieldwork was performed in accordance with generally accepted governmental auditing standards. Procedures included:

- Interviews with city personnel.
- Interviews with Contractor staff.
- Review of Agreement terms.
- Review of supporting documentation of compliance with terms of Agreement.
- Site visits to Woodlawn.

## **FINDINGS AND RECOMMENDATIONS**

Our audit identified issues management should address related to the Agreement. These issues are summarized in the following sections. While other issues were identified and discussed with management, they were deemed less significant for reporting purposes.

### **1. AREAS OF NON-COMPLIANCE**

#### **Criteria:**

- Terms of Municipal Cemetery System Lease Agreement

#### **Condition:**

The following areas of non-compliance by the Contractor were identified during our review of the Agreement:

- According to the terms of the Agreement (Section 5.2), the Contractor is to establish a set of rules and regulations for operation of Woodlawn and provide a draft of these rules and regulations to the City for consultation and input. While the Contractor follows a set of rules and regulations created for one of their other Las Vegas cemeteries, the Contractor has not consulted with the City specifically on the rules and regulations being used and no written rules and regulations specific to the operations of Woodlawn have been created (other than a brochure for the public on regulations for cemetery decorations).
- According to the terms of the Agreement (Section 5.2), the Contractor is to adopt a marketing and operations strategic plan for Woodlawn and review it at least annually with the City. According to the Contractor, they have not reviewed their marketing and operations strategic plan with the City for over four years.
- According to the terms of the Agreement (Section 13.10) and pursuant to City Council Resolution R-105-99, the Contractor is to (1) notify the City in writing within ten days of any material changes to its disclosures under the Securities Exchange Act of 1934 (Exchange Act), as amended, and (2) provide copies of new filings under the Exchange Act to the City within ten days of any such filing. The City has not been receiving this information. The Contractor requested that the City identify to whom this information should be sent.

#### **Cause:**

- Lack of adherence to Agreement terms.

#### **Effect:**

- Non-compliance with Agreement terms.
- City Management not informed of the rules and regulations and the marketing and operational strategic plan for Woodlawn.

**Recommendation:**

1. The City Manager's Office should formally request that the Contractor comply with the identified areas of non-compliance.

**2. AGREEMENT MONITORING**

**Criteria:**

- Effective contract monitoring requires the assignment of oversight responsibilities.

**Condition:**

- As noted in the previous finding, several areas of non-compliance by the Contractor were noted that may have been identified if the Agreement had been more closely monitored by the City.
- Under the terms of the Agreement (Section 5.2), the Contractor's operations and pricing at Woodlawn must be consistent with its other cemeteries located in the Las Vegas area. We found no evidence of procedures completed by city staff to ensure the Contractor's compliance with these terms of the Agreement.
- While city staff monitor some terms of the Agreement, no one is monitoring overall compliance with the Agreement.

**Cause:**

- No one has been assigned with overall Agreement monitoring.

**Effect:**

- Certain terms of the Agreement are not being monitored.
- Areas of non-compliance were not identified.

**Recommendation:**

1. The City Manager's Office should assign a city staff to monitor this Agreement and act as a lead contact for the Contractor. This information should be formally communicated to the Contractor.

### **3. BOOKS & RECORDS SAFEKEEPING AND PRESERVATION**

#### **Criteria:**

- Operational records should be appropriately safeguarded and preserved.

#### **Condition:**

- At the commencement of the Agreement, ownership of Woodlawn's books and records were transferred to the Contractor. These records are maintained in an office building located at the cemetery.
- The Agreement states that upon termination of the lease, ownership of Woodlawn's books and records will transfer back to the City.
- The Contractor has created electronic files of information previously on paper documents. System back-up procedures are completed locally by the Contractor and out-of-state by the Contractor's corporate office.
- Various paper documents continue to be created as back-up to the electronic information. These documents are maintained in multiple filing cabinets within the office. It is unclear as to whether these file cabinets are fire proof.
- According to the Contractor, if paper documents were lost during a fire, operational information would be recoverable from their system.
- The City has not evaluated the adequacy of the Contractor's record safekeeping and preservation measures at Woodlawn.
- The City has not completed an electronic file migration compatibility analysis to ensure the City is able to access electronic operational data upon termination of the Agreement.

#### **Cause:**

- Lack of evaluation of record safekeeping and preservation measures.

#### **Effect:**

- Potential loss of historical documents and information.

#### **Recommendation:**

1. Considering Woodlawn's books and records will eventually be transferred back to the City, the City Manager's Office should coordinate a record safekeeping and preservation evaluation at Woodlawn by city staff from Records, Risk Management, and Information Technologies. An electronic file migration compatibility analysis should also be completed. The results of these evaluations and recommendations should be shared with the Contractor.

**MANAGEMENT RESPONSES  
TO  
AUDIT OF WOODLAWN CEMETERY LEASE AGREEMENT**

**1. AREAS OF NON-COMPLIANCE**

**Recommendation 1.1**

The City Manager's Office should formally request that the Contractor comply with the noted areas of non-compliance.

**Management Plan of Action:** The City Manager will follow this recommendation accordingly.

**2. AGREEMENT MONITORING**

**Recommendation 2.1**

The City Manager's Office should assign a city staff to monitor this Agreement and act as a lead contact for the Contractor. This information should be formally communicated to the Contractor.

**Management Plan of Action:** As recommended, the City is in the process of establishing a point of contact for this contract as well as other contracts that recognize beneficial use agreements with third parties.

**Timetable:** These terms and conditions should be aggregated and managed under a single point of contact within 90 days.

**3. BOOKS & RECORDS SAFEKEEPING AND PRESERVATION**

**Recommendation 3.1**

Considering Woodlawn's books and records will eventually be transferred back to the City, the City Manager's Office should coordinate a record safekeeping and preservation evaluation at Woodlawn by city staff from Records, Risk Management, and Information Technologies. An electronic file migration compatibility analysis should also be completed. The results of these evaluations and recommendations should be shared with the Contractor.

**Management Plan of Action:** The audit provides sufficient justification for key staff to review record keeping documents, technologies, processes, and policies to determine that records are adequately and appropriately maintained.

**Timetable:** This review will begin in the next 60 to 90 days.